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1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
3 -----x

4 UNITED STATES OF AMERICA,

5 v.

18 CR 328 (KPF)

6 AMIN MAJIDI,

7 Defendant.
-----x

8 New York, N.Y.
9 October 31, 2018
10 4:00 p.m.

11 Before:

12 HON. KATHERINE P. FAILLA,

13 District Judge

14 APPEARANCES

15 GEOFFREY S. BERMAN
16 United States Attorney for the
17 Southern District of New York
18 JOSHUA NAFTALIS
19 MAX NICHOLAS
20 Assistant United States Attorneys

21 CLAYMAN & ROSENBERG
22 Attorneys for Defendant
23 SETH ROSENBERG
24 BRIAN LINDER

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1 (Case called)

2 MR. NAFTALIS: Good afternoon, your Honor, Josh
3 Naftalis and Max Nicholas for the government. With us at
4 counsel table Matt Mahaffey from the FBI.

5 THE COURT: Thank you all. Good afternoon.

6 MR. ROSENBERG: Good afternoon, your Honor, Seth
7 Rosenberg and Brian Linder for Mr. Majidi.

8 THE COURT: Good afternoon, gentlemen, and Mr. Majidi,
9 good afternoon to you as well.

10 THE DEFENDANT: Thank you, good afternoon.

11 THE COURT: Mr. Rosenberg, do you have a copy of the
12 indictment in this case?

13 MR. ROSENBERG: We do, your Honor.

14 THE COURT: Thank you. And do you also have a copy of
15 the letter to you and to Mr. Linder that is dated October 19 of
16 this year?

17 MR. ROSENBERG: We do.

18 THE COURT: And I believe you just placed both of
19 these in front of Mr. Majidi, am I correct?

20 MR. ROSENBERG: Yes.

21 THE COURT: Let me ask the parties something before I
22 begin, is there a position of the parties with respect to
23 whether this transcript should be sealed or not?

24 MR. NAFTALIS: We don't think it needs to be, your
25 Honor.

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1 THE COURT: That was my question, thank you very much
2 for letting me know.

3 Sir, Mr. Rosenberg, to ask the extent I am directing
4 questions to Mr. one of Majidi's counsel, should I be directing
5 them to you in the first instance?

6 MR. ROSENBERG: Probably Mr. Linder would be your
7 better choice.

8 THE COURT: I'm not going to opine on that, I want to
9 make sure I'm asking the right person.

10 Mr. Majidi, your attorney has placed in front of you a
11 copy of the indictment in this case, and he's placed in front
12 of you a copy of a letter from the U.S. Attorney's Office. You
13 may recall, sir, that at a prior proceeding before me you were
14 arraigned on this indictment. I asked you a series of
15 questions and you gave me a series of answers. Do you recall
16 that, sir?

17 THE DEFENDANT: Yes, I do.

18 THE COURT: And at that time my recollection is that
19 you entered a plea of not guilty to the charges contained in
20 the indictment. Am I also correct?

21 THE DEFENDANT: Yes.

22 THE COURT: It is my understanding, sir, that today
23 you wish to change your plea and you wish to enter a plea of
24 guilty to Counts One, Two, Three and Four of the indictment in
25 this case, am I correct?

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1 THE DEFENDANT: Yes, your Honor.

2 THE COURT: And let me talk to you about this, please,
3 sir. Before I can accept a guilty plea from you, I need to ask
4 you a series of questions, so let me please explain to you the
5 purposes that those questions serve.

6 The first thing that I need to determine is that you
7 are competent to enter a plea of guilty, you can see and hear
8 and understand what is going on in the courtroom, and you're
9 not under any influence that might impair you in your ability
10 to perceive what is going on in the courtroom.

11 If I find you are competent, I will talk to you about
12 the rights that you have and that you would be waiving by
13 entering a plea of guilty. I will talk to you about the
14 charges to which you propose to plead guilty and the penalties
15 that are associated with those charges. And finally, I will
16 ask you what it is you did that makes you believe that you are
17 guilty of these offenses.

18 As you might imagine, Mr. Majidi, there are a number
19 of questions that I need to ask you. They're all important.
20 If at any time you cannot understand one of my questions, or if
21 at any time for any reason you wish to take a break in these
22 proceedings, let me know. If I do not hear from you, I will
23 understand that you are hearing and understanding each of the
24 questions that I'm asking.

25 Is that our understanding, sir?

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1 THE DEFENDANT: Thank you, your Honor, yes.

2 THE COURT: Ms. Noriega, could you please swear in
3 Mr. Majidi.

4 (Defendant sworn)

5 DEPUTY CLERK: Please state your name for the record.

6 THE DEFENDANT: Amni Majidi.

7 DEPUTY CLERK: Thank you, you may be seated.

8 THE COURT: Mr. Majidi, the significance of my placing
9 you under oath is that if you were to answer any of the
10 questions that I'm about to ask you falsely, you could be
11 prosecuted for a separate offense, and that offense is known as
12 perjury. Do you understand that, sir?

13 THE DEFENDANT: Yes, I do.

14 THE COURT: Mr. Majidi, how old are you?

15 THE DEFENDANT: 52.

16 THE COURT: How far did you go in school, sir?

17 THE DEFENDANT: I have my bachelor's degree from
18 university and some graduate studies.

19 THE COURT: Have you ever been treated or hospitalized
20 for any form of mental illness?

21 THE DEFENDANT: No.

22 THE COURT: Are you now or have you recently been
23 under the care of a doctor or a psychiatrist?

24 THE DEFENDANT: Yes.

25 THE COURT: And I'm going to ask you to bring the

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1 microphone that's to your left a little closer to you.

2 Are you under the care of a doctor at this time or a
3 psychiatrist?

4 THE DEFENDANT: Psychiatrist.

5 THE COURT: [REDACTED]

6 [REDACTED]
7 THE DEFENDANT: [REDACTED]

8 [REDACTED]
9 THE COURT: [REDACTED]

10 [REDACTED]
11 THE DEFENDANT: [REDACTED]

12 THE COURT: [REDACTED]

13 [REDACTED]
14 THE DEFENDANT: [REDACTED]

15 THE COURT: [REDACTED]

16 [REDACTED]
17 THE DEFENDANT: [REDACTED]

18 [REDACTED]
19 THE COURT: [REDACTED]

20 [REDACTED]
21 THE DEFENDANT: [REDACTED]

22 THE COURT: [REDACTED]

23 THE DEFENDANT: [REDACTED]

24 [REDACTED]
25 [REDACTED]

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1 THE COURT: [REDACTED]

2 [REDACTED]
3 THE DEFENDANT: [REDACTED]4 THE COURT: Does that have any affect of dulling your
5 mind or impairing in any way your ability to see, hear, or
6 understand what is going on in the courtroom today?

7 THE DEFENDANT: No, ma'am.

8 THE COURT: [REDACTED]
9 [REDACTED]
10 [REDACTED]

11 THE DEFENDANT: [REDACTED]

12 THE COURT: And other than your relationship with this
13 psychiatrist, is there any other medical or mental health
14 treatment that you are receiving at this time?

15 THE DEFENDANT: No.

16 THE COURT: Have you ever been treated or hospitalized
17 for any form of addiction, including drug or alcohol addiction?

18 THE DEFENDANT: No, your Honor.

19 THE COURT: [REDACTED]
20 [REDACTED]
21 [REDACTED]

22 THE DEFENDANT: [REDACTED]

23 [REDACTED]
24 THE COURT: [REDACTED]
25 [REDACTED]

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1 THE DEFENDANT: [REDACTED]

2 THE COURT: In any way are you impaired as a
3 consequence of any medication you may be taking for any medical
4 or mental health condition?

5 THE DEFENDANT: No, your Honor.

6 THE COURT: Were there any other drugs, medicine or
7 pills that you took in the last two days?

8 THE DEFENDANT: No.

9 THE COURT: In the last two days have you consumed any
10 alcoholic beverages?11 THE DEFENDANT: Yes, I shared a beer with my wife last
12 night.13 THE COURT: May I imagine, sir, that you're not today
14 feeling the effect of the beer you shared with your wife last
15 night?

16 THE DEFENDANT: That is correct.

17 THE COURT: And so there's no impairment occasioned by
18 that?

19 THE DEFENDANT: No.

20 THE COURT: Is your mind clear today, sir?

21 THE DEFENDANT: Yes.

22 THE COURT: Do you understand what is happening in the
23 courtroom today?

24 THE DEFENDANT: Yes, I do.

25 THE COURT: Mr. Linder, let me turn to you, please.

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1 Have you and your colleague had enough time to discuss this
2 matter with your client?

3 MR. LINDER: We have, your Honor.

4 THE COURT: Do you believe that he is capable of
5 understanding the rights that he has and that he would be
6 waiving by entering a plea of guilty?

7 MR. LINDER: We do.

8 THE COURT: Do you believe as well that he is capable
9 of understanding the nature of these proceedings this
10 afternoon?

11 MR. LINDER: Yes.

12 THE COURT: Do you have any doubt as to your client's
13 competence to plead guilty if that is what he wishes to do?

14 MR. LINDER: None whatsoever.

15 THE COURT: Mr. Naftalis, do you have any doubt as to
16 Mr. Majidi's competence to plead guilty if that is what he
17 wishes to do?

18 MR. NAFTALIS: No, your Honor.

19 THE COURT: Should I be directing questions to you or
20 to Mr. Nicholas?

21 MR. NAFTALIS: To me is fine, your Honor.

22 THE COURT: Thank you.

23 Mr. Majidi, based on the discussions that I have had
24 with you for the past few minutes, and that includes both your
25 answers to my questions and my observations of your demeanor

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1 here in court, and based as well on the discussions that I just
2 had with your attorneys and with the attorneys for the
3 government, I find that you are fully competent to enter a
4 knowing and informed plea of guilty if that is what you wish to
5 to.

6 I have had your attorney place before you the
7 indictment in this case. And I know I asked you questions
8 about it previously, but some of them are sufficiently
9 important that I'm going to ask them a second time. Have you
10 read this indictment, sir?

11 THE DEFENDANT: Yes, I have.

12 THE COURT: Have you had whatever time you needed to
13 discuss with your attorneys the charges to which you propose to
14 plead guilty and any defenses that you might have to those
15 charges?

16 THE DEFENDANT: Yes, your Honor.

17 THE COURT: I don't want the specifics of any
18 communication you may have had with your attorneys because
19 those communications are privileged, but I would like to know
20 generally, have your attorneys explained to you the
21 consequences of entering a plea of guilty in this case?

22 THE DEFENDANT: Yes, they have.

23 THE COURT: Are you satisfied with their
24 representation of you in this matter?

25 THE DEFENDANT: Yes, very much so.

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1 THE COURT: I'm going to now explain to you certain
2 rights that you have and would be waiving by entering a plea of
3 guilty. I know you have been following me very carefully and I
4 ask you to continue doing that, and I remind you of your
5 earlier agreement if there's something that you don't
6 understand or some other reason why you would like to take a
7 break, you will let me know.

8 Sir, under the Constitution and laws of the United
9 States, you have the right to continue with your pleas of not
10 guilty to the charges contained in the indictment. Do you
11 understand that?

12 THE DEFENDANT: Yes, I do.

13 THE COURT: If you continued with your pleas of not
14 guilty, you would be entitled to a speedy and public trial by a
15 jury on the charges in this indictment. Do you understand
16 that?

17 THE DEFENDANT: Yes.

18 THE COURT: At a trial you would be presumed to be
19 innocent and the government would be required to prove you
20 guilty by competent evidence beyond a reasonable doubt before
21 you could be found guilty. Do you understand that, sir?

22 THE DEFENDANT: Yes, your Honor.

23 THE COURT: A jury of twelve people would have to
24 agree unanimously that you were guilty. You would not have to
25 prove that you were innocent of these charges if you were to

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1 proceed to trial. Do you understand that, sir?

2 THE DEFENDANT: Yes, I do.

3 THE COURT: At a trial and at every stage of your
4 prosecution you are entitled to the assistance of an attorney.
5 If and to the extent you cannot afford an attorney, one would
6 be appointed for you at public expense free of cost to you in
7 order to represent you. Do you understand that, sir?

8 THE DEFENDANT: Yes, your Honor.

9 THE COURT: If there were a trial in this case, the
10 witnesses for the government would have to come into court and
11 testify in your presence. Your attorneys could cross-examine
12 the witnesses for the government, they could object to evidence
13 offered by the government, they could offer evidence on your
14 own behalf if you wanted them to do so. You would also have
15 the right to have subpoenas or other documents or process used
16 in order to compel witnesses to testify in your defense. Do
17 you understand that, sir?

18 THE DEFENDANT: I do, yes.

19 THE COURT: If there were a trial in this case, you
20 would have the right to testify if you wanted to do so, and you
21 would have the right not to testify if you wanted not to do so.
22 If you decided not to testify, no one, including the jury,
23 could draw any inference or suggestion of guilt from your
24 decision not to testify. Do you understand that, sir?

25 THE DEFENDANT: I do, yes.

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1 THE COURT: Another consequence of entering a guilty
2 plea in this particular manner is that you give up your right
3 to seek suppression or exclusion of the government's evidence
4 against you. Are you aware of that, sir?

5 THE DEFENDANT: Yes, I am.

6 THE COURT: Without giving me the specifics of your
7 communications, have you and your attorneys had a sufficient
8 opportunity to discuss whether there is a basis for you to seek
9 suppression or exclusion of part or all of the government's
10 evidence against you?

11 THE DEFENDANT: Yes, we have.

12 THE COURT: Do you also understand that if you were
13 convicted after a trial, you would have the right to appeal
14 from the jury's verdict?

15 THE DEFENDANT: Yes.

16 THE COURT: And even now as you are preparing to enter
17 this guilty plea, you have the right to change your mind and to
18 continue with your previously entered plea of not guilty to
19 these charges. Are you aware of that, sir?

20 THE DEFENDANT: Yes, I am, your Honor.

21 THE COURT: Mr. Majidi, if you plead guilty and if I
22 accept your guilty plea, you will give up your right to trial
23 and the other rights I have been discussing with you, other
24 than your right to an attorney. You have the right to an
25 attorney whether you plead guilty or go to trial. But if you

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1 plead guilty, and if I accept your guilty plea, there will be
2 no trial I will enter a judgment of guilty on Counts One
3 through Four of the indictment.

4 I will sentence you at a later date based on
5 information that I receive from you today, information that I
6 receive from the United States Probation Office in a document
7 known as a presentence investigation report, and information
8 that I receive from you and your attorneys and from the
9 attorneys for the government in connection with sentencing.

10 If you plead guilty, and if I accept your guilty plea,
11 there will be no appeal on the issue of whether you committed
12 the offenses charged in the indictment, and there would be no
13 appeal on the issue of whether the government could use the
14 evidence that it has against you.

15 Now I know I said a number of things there, sir, but
16 were you able to follow me as I said them?

17 THE DEFENDANT: I followed them completely, yes.

18 THE COURT: Did you understand each of the things I
19 was saying to you?

20 THE DEFENDANT: Yes.

21 THE COURT: Do you also understand that if you plead
22 guilty there is a degree to which you have to give up your
23 right not to incriminate yourself? And what I mean by that is
24 I will ask you questions later in this proceeding to confirm
25 for myself that you are pleading guilty because you are in fact

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1 guilty and not for some other reason, and you will have to
2 admit and acknowledge your guilt of the offenses to which you
3 plead guilty. Are you aware of that, sir?

4 THE DEFENDANT: Yes, I am.

5 THE COURT: Mr. Majidi, are you aware of each of the
6 rights I have been discussing with you?

7 THE DEFENDANT: I am, yes.

8 THE COURT: Would you like me or your attorneys to
9 provide any additional or clarifying information about any of
10 these rights?

11 THE DEFENDANT: No, your Honor.

12 THE COURT: And are you willing to give up your right
13 to trial and the other rights I have been discussing with you
14 and enter a plea of guilty in this case?

15 THE DEFENDANT: Yes.

16 THE COURT: It is my understanding that you are
17 proposing to plead guilty to four charges in this case, am I
18 correct, sir?

19 THE DEFENDANT: Yes, your Honor.

20 THE COURT: It is my understanding that you are
21 proposing to plead guilty to conspiracy to commit securities
22 fraud in violation of Title 18, United States Code, Section
23 371; conspiracy to commit wire fraud in violation of Title 18,
24 United States Code, Section 1349; securities fraud in violation
25 of Title 15, United States Code, Sections 78jb and 78ff, and

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1 Title 17, Code of Federal Regulations, Section 240.10(b)(5),
2 and Title 18, United States Code, Section 2; and in Count Four,
3 wire fraud in violation of Title 18, United States Code,
4 Sections 1343 and 2.

5 So there are four counts to which you propose to plead
6 guilty. Is that your understanding as well, sir?

7 THE DEFENDANT: Yes, it is, your Honor.

8 THE COURT: Are the particular offenses that I just
9 recited to you the offenses to which you propose to plead
10 guilty?

11 THE DEFENDANT: Yes.

12 THE COURT: Mr. Majidi, I'm going to ask for your
13 attention, and I will give mine as well, as we ask the
14 government to recite for both of us the elements of each of
15 these offenses.

16 Mr. Naftalis, thank you.

17 MR. NAFTALIS: Yes, your Honor. Starting with Count
18 One, conspiracy to commit securities fraud, if the case were to
19 proceed to trial the government would prove the following three
20 elements beyond a reasonable doubt: First, the existence of an
21 agreement or understanding to commit the unlawful object of the
22 charged conspiracy, here securities fraud; second, that the
23 defendant willfully and knowingly became a member of that
24 conspiracy and joined in it; and third, that at least one of
25 the co-conspirators committed an overt act in furtherance of

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1 the conspiracy.

2 The object of the conspiracy, as I mentioned, is
3 securities fraud, and that is charged as a substantive count in
4 Count Three. I will read the elements of that offense now.
5 First, in connection with a purchase or sale of security, the
6 defendant did any one or more of the following:

7 One, employ a device, scheme or artifice to defraud,
8 or two, made an untrue statement of a material fact or omitted
9 to state a material fact which made what was said under the
10 circumstances misleading; or three, engage in an act, practice,
11 or course of business that operated or would operate as a fraud
12 or deceit upon a purchaser or seller.

13 Second, the defendant acted willfully, knowingly and
14 with the intent to defraud.

15 Third, the defendant knowingly used, or caused to be
16 used, A, any means or instruments of transportation or
17 communication in interstate commerce, or B, the use of the
18 mails in furtherance of the fraudulent conduct.

19 Now turning to Count Two, which is conspiracy to
20 commit wire fraud, there are two elements of that offense. I
21 basically already said them, but I will repeat them: First,
22 the existence of an agreement or understanding to commit the
23 unlawful object of the conspiracy, here wire fraud; and second,
24 the defendant willfully and knowingly became a member of that
25 conspiracy and joined in it; and then, as I mentioned, the

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1 object is wire fraud.

2 The elements of wire fraud, which are also charged as
3 a substantive offense in Count Four, are the following: First,
4 that there was either a scheme or artifice to defraud, or to
5 obtain money or property by materially false and fraudulent
6 pretenses, representations and/or promises; second, that the
7 defendant knowingly and willfully participated in the scheme or
8 artifice to defraud with knowledge of its fraudulent nature and
9 with specific intent to defraud, or that the defendant
10 knowingly and intentionally aided and abetted others in the
11 scheme; third, that in the execution of that scheme, the
12 defendant used or caused the use of private or interstate
13 carrier or interstate wires. We would prove venue by a
14 preponderance.

15 THE COURT: Thank you very much.

16 Mr. Majidi, I understand there was a lot to hear, but
17 I saw you were following along, and may I confirm that you were
18 following along as the prosecutor outlined the elements of the
19 offense?

20 THE DEFENDANT: Yes, I was.

21 THE COURT: Thank you. Do you understand, sir, that
22 if you were to proceed to trial, that is what the government
23 would have to prove at trial?

24 THE DEFENDANT: Yes, I do, your Honor.

25 THE COURT: What I would like to do now, sir, is talk

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1 to you about the penalties that are associated with these
2 offenses, and I'm going to focus on the maximum possible
3 penalties that are associated with each. I'm deliberately
4 using the term "maximum," sir, because I want you to understand
5 the most that could possibly be imposed. I'm not saying this
6 is necessarily what you're going to receive.

7 I do want to make sure that you understand that by
8 pleading guilty you would be subjecting yourself or exposing
9 yourself to the possibility of receiving any combination of
10 punishments up to the statutory maximum terms that I'm about to
11 describe. Do you understand that, sir?

12 THE DEFENDANT: Yes, I do.

13 THE COURT: I'm going to focus first on restrictions
14 on your liberty. The maximum term of imprisonment for these
15 offenses vary, so let me go through them with you. The maximum
16 term of imprisonment for Count One is five years, the maximum
17 term of imprisonment for Count Two is 20 years, the maximum
18 term of imprisonment for Count Three is 20 years, and the
19 maximum term of imprisonment for Count Four is 20 years.

20 Do you understand that, sir?

21 THE DEFENDANT: I do, your Honor.

22 THE COURT: And do you understand as well that any
23 term of imprisonment that I might impose could be followed by a
24 term of supervised release? And I will talk to you about those
25 terms in a moment, but first of all, are you familiar with the

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1 concept of supervised release?

2 THE DEFENDANT: I am.

3 THE COURT: And so let me review with you, please, the
4 maximum terms of supervised release for each of these offenses.
5 The maximum term of supervised release for Count One is three
6 years, for Count Two is three years, for Count Three is three
7 years, and for Count Four is three years. These would run
8 concurrently, sir, so the maximum term effectively would be
9 three years supervised release.

10 Let me talk to you, please, for a moment about
11 supervised release, because I want to make sure that you and I
12 have the same understanding when I use the term.

13 When I use the term "supervised release," what I am
14 referring to is a period of time where you would be subject to
15 supervision by the United States Probation Office. There would
16 be terms and conditions of supervised release that you would
17 have to follow, and if you were unable to follow those terms
18 and conditions of supervised release the possibility exists
19 that your term of supervised release could be revoked and you
20 could be sent to prison to serve time without a jury trial.

21 If your term of supervised release were revoked, you
22 would not get any credit for any time that you had served as a
23 term of imprisonment. You would also not get any credit for
24 any time that you had spent on supervised release in compliance
25 with the terms of supervised release.

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1 Do you understand each of those things, sir?

2 THE DEFENDANT: I do, your Honor.

3 THE COURT: Do you also understand that there is no
4 parole in the federal system. If you are sentenced to a term
5 of imprisonment you would not be released early on parole.
6 There is an opportunity to earn credit for good behavior, but
7 even then you would have to serve at least approximately
8 85 percent of any term of imprisonment imposed. Do you
9 understand that, sir?

10 THE DEFENDANT: I do.

11 THE COURT: At the beginning of this discussion in
12 this area we talked about the maximum terms of imprisonment.
13 Do you understand that the aggregate maximum term of
14 imprisonment in this case is 65 years imprisonment?

15 THE DEFENDANT: I do, your Honor.

16 THE COURT: In addition to these restrictions on your
17 liberty, the maximum possible punishment also includes certain
18 financial penalties. The maximum allowable fine in this case
19 varies with each count, but let me review with you each of
20 them. It tends to be the greatest of one of three things,
21 either a number or twice the gross pecuniary gain derived from
22 the offense or twice the gross pecuniary loss to persons other
23 than yourself. For Count One, that number is \$250,000, for
24 Count Two, it is \$250,000, for Count Three it is \$5 million,
25 and for Count Four it is \$250,000.

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1 In addition, I could order restitution to any person
2 or entity who has been injured as a result of your conduct. I
3 can order you to forfeit any proceeds that you may have derived
4 from the offense or any property that you may have used to
5 commit or to facilitate the commission of the offense, and I
6 must order a mandatory special assessment of \$100 per count of
7 conviction, so in this case, \$400.

8 Do you understand that those are the maximum possible
9 penalties to which you are subjected in this case?

10 THE DEFENDANT: Yes, I do, your Honor.

11 THE COURT: Mr. Majidi, I have a series of questions
12 that I must ask you, and it's my expectation that not all of
13 them will be relevant to you. I will explain to you why I'm
14 asking them as I do, but I want to preface it by saying they're
15 not all relevant.

16 I will begin by asking: Are you a United States
17 citizen, sir?

18 THE DEFENDANT: Yes, I am.

19 THE COURT: I ask that because some people who appear
20 before me are not. A guilty plea can have adverse immigration
21 consequences. But since you are a citizen, they would not have
22 those consequences. I will ask you something different.

23 Do you understand that as a result of your guilty plea
24 you could lose certain valuable civil rights, to the extent you
25 have them today or could obtain them in the future? These

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would include the right to vote, the right to serve on a jury, the right to hold public office, and the right to possess a firearm. Are you aware of that, sir?

THE DEFENDANT: Yes, I am.

THE COURT: Mr. Majidi, are you serving any other sentence at this time?

THE DEFENDANT: No.

THE COURT: To the best of your knowledge, sir, are you being prosecuted in any other jurisdiction at this time?

THE DEFENDANT: I am not.

THE COURT: Is there a concurrent SEC matter in this case, a civil action?

MR. NAFTALIS: Yes, your Honor, it's before Judge Nathan and it's stayed right now.

THE COURT: Thank you very much.

Mr. Majidi, do you understand that the case before Judge Nathan is, of course, different; related, but different. Do you understand that resolving the case before me would not resolve other cases that you might have before other judges? Are you aware of that, sir?

THE DEFENDANT: Yes, I am, your Honor.

THE COURT: I'm going to ask you a different set of questions now that I know this is the one criminal case that you have. Without giving me the specifics of your communications, have you discussed with your attorneys the

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1 process of sentencing?

2 THE DEFENDANT: I have.

3 THE COURT: And do you understand that in connection
4 with sentencing I must review certain factors that are set
5 forth in a statute, and they're commonly referred to as 3553(a)
6 factors because that's the statutory provision where they're
7 contained. So do you understand that there are sentencing
8 factors that I must consider in connection with sentencing you?

9 THE DEFENDANT: I do.

10 THE COURT: Do you understand that one of the factors
11 that I must consider is something called the United States
12 Sentencing Guidelines?

13 THE DEFENDANT: I know about that, yes.

14 THE COURT: Can I understand that you may have spoken
15 with your attorneys about the sentencing guidelines?

16 THE DEFENDANT: Yes.

17 THE COURT: And if I use the term "guidelines" or
18 "sentencing guidelines," that's what I'm referring to. Will
19 you understand that, sir?

20 THE DEFENDANT: Yes.

21 THE COURT: I want to make sure that you understand
22 that if anyone has attempted to predict for you what your
23 ultimate sentence will be, their prediction could be incorrect.
24 I will be the judge who will be sentencing you, and I don't
25 have the information that I need today to sentence you

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properly. I need to hear from you later on in this proceeding, I need to hear from the probation office and the presentence investigation report, and I need to hear from you and your attorneys and from the attorneys for the government in connection with sentencing. So do you understand, sir, that today no one can predict with any confidence what your ultimate sentence will be?

THE DEFENDANT: Yes, I do.

THE COURT: Do you also understand that if your ultimate sentence is different from what anyone may have suggested to you that it might be, if it is different from what you yourself expected or hoped for, if it is different from any guidelines range that may have been discussed in your dealings with the government, you would still be bound by your guilty plea, you would not be able to withdraw your plea of guilty based merely on dissatisfaction with your sentence. Do you understand that, sir?

THE DEFENDANT: Yes, I do.

THE COURT: It is my understanding that there is a written plea agreement between you and the government with respect to your plea today. Am I correct, sir?

THE DEFENDANT: Yes.

THE COURT: I have been given a document, it is a letter dated October 19 of this year, from the United States Attorney's Office to your attorneys, Mr. Rosenberg and

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1 Mr. Linder.

2 Do you have a copy of that letter from front of you,
3 sir?

4 THE DEFENDANT: I do, yes.

5 THE COURT: The copy that I have I will mark as Court
6 Exhibit 1 and give to the government at the end of this
7 proceeding to keep safe.

8 Could I ask you to turn to last page of your document,
9 for me, that is page 5.

10 THE DEFENDANT: Yes.

11 THE COURT: Is that also the last page for you, as
12 well?

13 THE DEFENDANT: Page 5, yes.

14 THE COURT: Are there four signatures on your page 5?

15 THE DEFENDANT: Yes.

16 THE COURT: Is one of the signatures yours?

17 THE DEFENDANT: Absolutely, yes.

18 THE COURT: Did you sign this document today, sir?

19 THE DEFENDANT: I did.

20 THE COURT: Did you sign it in the presence of your
21 attorneys?

22 THE DEFENDANT: Yes.

23 THE COURT: Before you signed this document, did you
24 read it?

25 THE DEFENDANT: Yes.

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1 THE COURT: Did you have whatever time you needed to
2 have with your attorneys to review the document?

3 THE DEFENDANT: I did.

4 THE COURT: At the time you signed it, sir, did you
5 understand this document?

6 THE DEFENDANT: I did.

7 THE COURT: I will not review every piece of it with
8 you but there are a few points I would like to review.

9 I'm going to ask you please to turn to page 2. Let me
10 know when you've gotten to page 2.

11 THE DEFENDANT: I'm there.

12 THE COURT: Thank you very much. Sir, I'm directing
13 your attention to the third full paragraph of that page, which
14 begins, "It is further understood." Do you see that, sir?

15 THE DEFENDANT: Yes, I do.

16 THE COURT: It is my understanding that in this
17 paragraph you are agreeing to make restitution in an amount
18 that I might determine later pursuant to various provisions of
19 the United States Code. Are you agreeing to make restitution
20 if and to the extent that I determine that there are
21 individuals or entities who have been injured as a result of
22 your conduct?

23 THE DEFENDANT: Yes, I understand that.

24 THE COURT: And you are making that agreement, sir?

25 THE DEFENDANT: Yes.

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1 THE COURT: In the next paragraph, sir, it is my
2 understanding that you are admitting to the forfeiture
3 allegation that is associated with Counts One through Four of
4 the indictment, and you are agreeing to forfeit any proceeds
5 you may have derived from the offense or any property that you
6 may have used to commit or facilitate the commission of the
7 offense, am I correct?

8 THE DEFENDANT: Yes, I agree.

9 THE COURT: So I could ask this technical question:
10 Are you admitting to the forfeiture allegation?

11 THE DEFENDANT: Yes.

12 THE COURT: Thank you. I'm looking at the paragraph
13 that follows that, sir, the one that begins, "It is
14 understood," and I understand this paragraph to be a list of
15 undertakings that you are going to do with the government in
16 this case. Is that your understanding as well?

17 THE DEFENDANT: Yes, it is, your Honor.

18 THE COURT: And I can read each one of those
19 separately, but you have read this paragraph, yes, sir?

20 THE DEFENDANT: I read it carefully, yes.

21 THE COURT: And you are agreeing to do all of the
22 things that you commit to in this paragraph?

23 THE DEFENDANT: Yes.

24 THE COURT: Could I ask you, please, to turn to page 3
25 and tell me when you have gotten to page 3.

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1 THE DEFENDANT: I'm there.

2 THE COURT: I'm looking at the very bottom of page 3,
3 the last paragraph, and actually I'm looking at the paragraph
4 before that as well. These paragraphs address things that can
5 happen if it is determined that you have violated a term of
6 this agreement or if you have committed additional crimes or
7 given false testimony or committed other violations, that there
8 are certain consequences to that. Have you read those
9 paragraphs, sir?

10 THE DEFENDANT: I have.

11 THE COURT: Do you understand that if you commit the
12 acts described in those paragraphs, the possibility exists that
13 the government could take certain consequences?

14 THE DEFENDANT: I understand, yes.

15 THE COURT: Mr. Majidi, we have been talking about
16 this agreement for a few moments now. Does this written plea
17 agreement I marked as Court Exhibit 1 constitute your complete
18 and total understanding of your agreement with the government?

19 THE DEFENDANT: It does.

20 THE COURT: To the best of your knowledge, sir, has
21 anything been left out?

22 THE DEFENDANT: No.

23 THE COURT: Other than what is written in this
24 agreement, has anyone made you any promise or offered you any
25 type of inducement in order to get you to sign this agreement

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1 or to plead guilty here today?

2 THE DEFENDANT: No.

3 THE COURT: Has anyone threatened you or forced you to
4 to plead guilty here today or to sign this agreement?

5 THE DEFENDANT: No, your Honor.

6 THE COURT: Has anyone made any promise to you as to
7 what your ultimate sentence will be?

8 THE DEFENDANT: No.

9 THE COURT: Earlier you heard me refer to guidelines
10 and the sentencing guidelines. Do you recall that part of our
11 discussion, sir?

12 THE DEFENDANT: Of course, yes.

13 THE COURT: Do you understand that even if the parties
14 have discussed how the guidelines might apply in your case, I
15 have an independent obligation to calculate the guidelines?
16 Are you aware of that?

17 THE DEFENDANT: Yes, I am.

18 THE COURT: And so if my correctly calculated
19 guidelines range were to come out to something different from
20 what you may have discussed with your attorneys or with the
21 government or anyone else, do you understand that that would
22 not be a basis for you to withdraw your plea?

23 THE DEFENDANT: I do understand, yes.

24 THE COURT: Mr. Majidi, could you please tell me in
25 your own words what it is that did you that makes you believe

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1 that you are guilty of Counts One through Four of the
2 indictment. Why don't I begin by asking: Do you have written
3 notes with you, sir?

4 THE DEFENDANT: I do.

5 THE COURT: That's very common. And are they to aid
6 you in speaking with me today?

7 THE DEFENDANT: Yes.

8 THE COURT: The only thing that matters to me is that
9 the thoughts expressed in those notes are yours. Are they,
10 sir?

11 THE DEFENDANT: They are mine.

12 THE COURT: I would be happy to hear them. Thank you.
13 And I will ask you, please, to speak slower and louder than you
14 think you need to.

15 THE DEFENDANT: Between 2014 and 2016 I was employed
16 at Premium Point Investment, or PPI, an investment advisor
17 located in Manhattan.

18 During that time I was a portfolio manager for the
19 mortgage credit fund, a hedge fund that invested in, among
20 other things, residential mortgage backed securities. The
21 month's end net asset value of the funds that PPI managed was
22 an important measure of the funds' performance and was
23 disseminated to investors and potential investors through the
24 mail and interstate wire communications. The funds' net asset
25 value and their performance also determined PPI's management

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1 fees and performance fees.

2 Between 2014 and 2016, I participated in a scheme
3 with, among others, Neil Ahuja, CEO of PPI, and Jeremy Shor, a
4 trader at PPI, to fraudulently inflate the net asset value of
5 the funds that PPI managed. Instead of marking securities in
6 PPI's portfolio at their fair market value, I worked with
7 Ahuja, Shor, and others, to mismark their value. I knew that
8 the resulting monthly net asset value was inflated for the
9 purpose of deceiving investors as to the fund's performance.

10 I knew that what I was doing was wrong.

11 THE COURT: Is there anything else that you would like
12 me to know, sir?

13 THE DEFENDANT: No.

14 THE COURT: Please be seated. Thank you.

15 You indicated to me just a moment ago that when you
16 were engaged in this conduct you understood that it was wrong.
17 Did you also understand that it was illegal?

18 THE DEFENDANT: I did not, no.

19 THE COURT: You did not at that time. At some
20 point --

21 MR. NAFTALIS: Could we --

22 THE COURT: Yes.

23 (Pause)

24 THE DEFENDANT: Let me rephrase. At the time I was
25 uncomfortable with my conduct and I knew that by inflating the

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1 net asset values for the investors I was committing something
2 wrong and potentially illegal. And illegal, yes.

3 THE COURT: Okay. So either at the beginning of your
4 involvement in this matter or over time you came to realize the
5 conduct in which you were engaged was illegal, sir?

6 THE DEFENDANT: Yes.

7 THE COURT: Thank you.

8 Mr. Linder, do you know of any valid defense that
9 would prevail at trial or any other reason why your client
10 should not be permitted to plead guilty to Counts One through
11 Four?

12 MR. LINDER: I do not, your Honor.

13 THE COURT: Mr. Naftalis, are there additional
14 questions that you would like me to ask Mr. Majidi, or are
15 there proffers you would like to make regarding any interstate
16 elements of the offenses. He did make mention of both mails
17 and wires, so I assume that the wire element has been
18 satisfied, but I will hear from you if you think otherwise.

19 MR. NAFTALIS: We think the allocution is sufficient.
20 We will represent that there were interstate wires, including
21 emails, text messages, and there were also mailings. So we
22 think the interstate elements of both the wire fraud and
23 securities fraud are satisfied.

24 THE COURT: I also heard Mr. Majidi to say that he
25 understood the purpose of changing or modifying the net asset

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1 value figures was in part to deceive investors, so I understood
2 that to be an adequate explication of the intent to defraud.

3 Do you agree?

4 MR. NAFTALIS: We agree.

5 THE COURT: Would you tell me, sir, at a high level
6 the types of evidence that would be introduced if this case
7 were to go to trial?

8 MR. NAFTALIS: Yes, your Honor. The evidence would
9 consist of both witness testimony and documentary evidence.
10 The witness testimony includes cooperating witnesses and lay
11 witnesses. The documentary evidence includes emails, text
12 messages, trading records, and would establish that between
13 2014 and 2016 Mr. Majidi, Mr. Ahuja and Mr. Shor and others
14 conspired and did mismark and inflate the value of securities
15 in PPI's portfolio and misled their investors to defraud them.

16 THE COURT: Thank you.

17 Mr. Majidi, were you able to hear the prosecutor just
18 now?

19 THE DEFENDANT: Yes.

20 THE COURT: Do you understand, sir, that if your case
21 were to proceed to trial that is part or all of the
22 government's evidence against you at that trial?

23 THE DEFENDANT: I do.

24 THE COURT: Mr. Linder, do you agree there is a
25 sufficient factual predicate for a guilty plea?

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1 MR. LINDER: I do, your Honor.

2 THE COURT: Is there any reason why I should not
3 accept it?

4 MR. LINDER: None.

5 THE COURT: Mr. Naftalis, do you agree that there's a
6 sufficient factual predicate for a guilty plea?

7 MR. NAFTALIS: Yes, your Honor.

8 THE COURT: Is there any reason why I should not
9 accept it?

10 MR. NAFTALIS: No, your Honor.

11 THE COURT: Mr. Majidi, at this time do you wish to
12 enter a plea of guilty in this case?

13 THE DEFENDANT: I do.

14 THE COURT: To Counts One, Two, Three and Four, sir?

15 THE DEFENDANT: Yes, all four counts.

16 THE COURT: Thank you. Mr. Majidi, because you have
17 acknowledged that you are in fact guilty as charged in each of
18 these counts of the indictment, because I am satisfied that you
19 know of your rights, including your right to go to trial, and
20 that you're aware of the consequences of your plea, including
21 the range of penalties that may be imposed, and finally because
22 I am comfortable that you are knowingly and voluntarily
23 pleading guilty, I will accept your guilty plea and I will
24 enter a judgment of guilty on Counts One through Four of this
25 indictment.

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1 We talked about sentencing earlier, sir, and at some
2 point in this case we will begin the process of sentencing.
3 The United States Probation Office will want to interview you
4 in connection with the presentence investigation report that it
5 is preparing. I am going to order that that interview not take
6 place unless one of your attorneys or a representative from
7 their office is present with you. Do you understand that, sir?

8 THE DEFENDANT: I do, yes.

9 THE COURT: And sir, let me say something else to you,
10 that is not legal advice, I just want to make that clear. Your
11 attorneys give you legal advice, I do not.

12 If and to the extent that you choose to speak with the
13 probation office, I would ask you to ensure that what you say
14 to them is as complete and as accurate as it can be. And I say
15 that because the presentence investigation report is something
16 that I rely on very heavily when I impose sentence. That
17 report is most useful to me when it is accurate and when it is
18 complete. You will have an opportunity to review the report
19 before I ever see it, as will your attorneys, as will the
20 attorneys for the government. I invite you to review the
21 report before I see it because there may be information in the
22 report that you wish to modify, that you wish to correct, or
23 that you wish to object to, and I want you to have that
24 opportunity.

25 So again, that is not legal advice. I want you to

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1 understand how the presentence investigation report factors
2 into my sentencing decisions. Do you understand that, sir?

3 THE DEFENDANT: I do.

4 THE COURT: At this time, counsel, I'm asking both
5 sides, are we setting a control date?

6 MR. NAFTALIS: I think that makes sense, your Honor.

7 THE COURT: How far out would you like to go? Six
8 months?

9 MR. NAFTALIS: Six months is fine.

10 THE COURT: All right. Ms. Noriega, may we have a
11 date, please?

12 DEPUTY CLERK: Monday, April 29, at 3:00 p.m.

13 THE COURT: At the moment, is that a date that works
14 for both sides?

15 MR. NAFTALIS: Yes, your Honor.

16 THE COURT: Okay, thank you.

17 MR. LINDER: Yes, your Honor.

18 THE COURT: After comparing schedules, I decided I
19 would prefer to have this sentencing date set in August.

20 Ms. Noriega, could I have a date in August, please?

21 DEPUTY CLERK: Friday, August 2nd, at 3:00 p.m.

22 THE COURT: Again I'm going to presume that everyone
23 is available for the August 2nd date, and you will let me know
24 as it gets closer if you are not.

25 I will ask the government to send its factual

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1 statement to the probation office at the appropriate time, and
2 the defense can arrange for the interview with the probation
3 officer at the appropriate time as we get closer to. And I
4 will remind the parties in case I don't have occasion to see
5 you again that I would like the opening sentencing submission
6 two weeks in advance of sentencing and the responsive
7 sentencing submission one week in advance of sentencing so that
8 I have enough time to address these issues and think about
9 everything that's in them.

10 Mr. Naftalis, is there anything else that the
11 government wishes me to do today?

12 MR. NAFTALIS: No, your Honor.

13 THE COURT: Thank you. And Mr. Linder, is there
14 anything else you would like me to do today?

15 MR. LINDER: Your Honor, may we have one minute to
16 confer with Mr. Naftalis?

17 THE COURT: Of course. And Mr. Nicholas as well, I
18 presume.

19 MR. LINDER: Yes, my apologies.

20 (Pause)

21 MR. LINDER: Your Honor, in light of the colloquy that
22 the Court had with Mr. Majidi about the medications the
23 medical, I would request once the transcript is prepared that
24 we have an opportunity to review it and ask that the Court
25 redact that portion of it from the public record.

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1 THE COURT: That's fine.

2 Let's go off the record.

3 (Discussion held off the record).

4 THE COURT: I think it is appropriate for the parties
5 to have an opportunity to confer about what portions of the
6 transcript contains sensitive information that is not necessary
7 to be disclosed to the public. So I'm going to ask the court
8 reporter, please, to send the transcript in the first instance
9 before publishing it on the public record to the parties, and
10 I'm going to ask them very promptly, upon receipt, to propose
11 to me redactions. And I will review the redactions and give
12 them my considered view on them.

13 You already know my views as to the appropriateness of
14 transparency on the court record, but I accept that Mr. Majidi
15 has given us information that, while important, is perhaps not
16 necessary to be shared with the public. So I understand your
17 concerns, and I will let the parties take the first crack at
18 providing to me what they think should be redacted. But I do,
19 again, understand from the parties that this is not to be a
20 sealed transcript, and therefore it will not be.

21 Mr. Linder, does that make sense to you?

22 MR. ROSENBERG: Absolutely, your Honor.

23 THE COURT: And that's what we're going to do, and I
24 believe that's clear to all who are present.

25 Mr. Linder, other than that issue, and I appreciate

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1 you raising it, is there anything else that you want to address
2 with me at this time?

3 MR. ROSENBERG: Nothing, your Honor.

4 Mr. Majidi, there are certain things that I am
5 obligated to tell you, and I will tell you them now. At the
6 time of your arrest there were conditions of pretrial release
7 on which you were released. Do you recall that, sir?

8 THE DEFENDANT: I do.

9 THE COURT: Do you recall perhaps signing a bond and
10 signing other documents across the street?

11 THE DEFENDANT: Yes.

12 THE COURT: Those conditions still apply. So I know
13 you know that, but I am obligated to tell you this, so I am
14 asking you, to the extent that you have committed to certain
15 reporting schedules or things of that nature, they still apply.
16 Do you understand that, sir?

17 THE DEFENDANT: I do.

18 THE COURT: Also, at the moment, there is a date set
19 in August for us to see each other again for your sentencing.
20 There is the possibility that I may require you to appear in
21 court prior to that date. Do you understand, sir, that if I
22 obligate you, if I tell you that you have to be in court, that
23 in fact you have to be in court, and if you are not in court on
24 a date that I order, you could be charged with a separate
25 offense, and that offense is known as bail jumping. Do you

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1 understand that, sir?

2 THE DEFENDANT: I do.

3 THE COURT: So may I understand that if I order you to
4 be in court, I will see you?

5 THE DEFENDANT: You will see me, yes.

6 THE COURT: That is what I need to know.

7 Anything else that anyone else wants to bring to my
8 attention in this proceeding?

9 MR. NAFTALIS: No, thank you, your Honor.

10 THE COURT: Thank you all very much for your patience
11 this afternoon.

12 MR. LINDER: Thank you, your Honor.

13 (Adjourned)

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